

**The City of Melvern  
Osage County, Kansas**

**Regulatory Basis Financial Statement and Independent Auditors' Report  
Year Ended December 31, 2017**

**Cindy Jensen  
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The City of Melvern  
Osage County, Kansas

Regulatory Basis Financial Statement  
Year Ended December 31, 2017

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# Cindy Jensen

## Certified Public Accountant

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### Independent Auditors' Report

To the City Council  
City of Melvern, Kansas

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Melvern, Kansas as of and for the year ended December 31, 2017 and the related notes to the financial statement.

#### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards and the Kansas Municipal Audit and Accounting Guide require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the City of Melvern, Kansas prepared this financial statement to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on the U.S. Generally Accepted Accounting Principles**

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Melvern, Kansas, as of December 31, 2017, or the changes in its financial position or cash flows for the year then ended.

**Unmodified Opinion on Regulatory Basis of Accounting**

In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Melvern, Kansas, as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

**Report on Regulatory – Required Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis receipts and disbursements-agency funds, (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

A handwritten signature in black ink that reads "Cindy Jensen CPA". The signature is written in a cursive, flowing style.

Cindy Jensen, CPA  
September 19, 2018

City of Melvern  
Osage County, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2017

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & Accounts Payable	Ending Cash Balance
General Fund	\$ 47,300	\$ 0	\$ 196,530	\$ 164,593	\$ 79,237	\$ 3,290	\$ 82,527
Special Purpose Funds							
Special Highway	56	0	9,704	9,760	0	124	124
Special Parks & Recreation	11,131	0	1,790	2,375	10,546	0	10,546
Equipment Reserve	272	0	0	0	272	0	272
Capital Improvement Reserve	21,039	0	0	0	21,039	0	21,039
Bond & Interest Fund							
Bond & Interest	15,521	0	44,388	38,260	21,649	0	21,649
Capital Project Fund							
Building Project	0	0	389,344	12,363	376,981	6,287	383,268
Business Fund							
Water	68,575	0	115,561	117,529	66,607	32	66,639
Sewer	47,852	0	36,445	31,806	52,491	5,783	58,274
Solid Waste	6,909	0	33,031	33,112	6,828	1,838	8,666
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 218,655</u>	<u>\$ 0</u>	<u>\$ 826,793</u>	<u>\$ 409,798</u>	<u>\$ 635,650</u>	<u>\$ 17,354</u>	<u>\$ 653,004</u>

Composition of Cash Balance:

Checking	\$ 256,950
Checking-court account	5,238
Checking-project account	394,115
Petty Cash	100
Total Cash	<u>656,403</u>
Less: Agency Funds Schedule 3	<u>(3,399)</u>
Total Reporting Entity	<u>\$ 653,004</u>

The accompanying notes are an integral part of this statement.

City of Melvern  
Osage County, Kansas

Notes to the Financial Statement  
December 31, 2017

Note 1 – Summary of Significant Accounting Policies

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The more significant of the City's accounting policies are described below.

Financial Reporting Entity

The City of Melvern, Kansas was organized in 1886 and operates as a third-class City in accordance with the laws of the State of Kansas. The City has a population of approximately 500 and is governed by an elected Mayor and a five-member Council. This report includes all services provided by the City to residents and businesses within its boundaries. Services provided include police protection, parks and recreation, public works, and general administrative services. In addition, the City owns and operates two enterprise activities; a water system and a local sewer system. The City also contracts for solid waste collection.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, limitations including State statutes, and City ordinances. The following types of funds comprise the financial activities of the City.

General Fund – The chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Bond and Interest Funds – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Funds – these are financed in whole or in part by fees charged to users of the goods or services. Business funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of receipts, expenses, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Agency Funds – used to report assets held by the Municipality in a purely custodial capacity.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash.

City of Melvern  
Osage County, Kansas

Notes to the Financial Statement  
December 31, 2017

Note 1 – Summary of Significant Accounting Policies (Cont.)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America (Cont)

The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City approved a resolution that is in compliance-with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting in which regulatory receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, permanent funds and the following special purpose funds: Equipment Reserve and Capital Improvements Reserve fund. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Compliance with Finance-Related Legal and Contractual Obligations

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, and interpretation by the County Attorney and legal representatives of the City.

Management is not aware of any regulatory violations for the period covered by this audit.

City of Melvern  
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Notes to the Financial Statement  
December 31, 2017

Note 3 – Cash and Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk – the risk that in the event of a bank failure, the City's deposits may not be entirely returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by FDIC insurance, or by collateral held under a joint custody receipts issued by a bank within the state of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2017.

At year-end, the carrying amount of the City's deposits, excluding petty cash funds, was \$656,303. Actual bank statement balances were \$658,660. The difference between the carrying amount and the bank balance is composed of checks that have not cleared and deposits in transit. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$255,302 was covered by FDIC insurance and \$403,358 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City held no investments on December 31, 2017.

Note 4 – Ad Valorem Tax Revenues and Property Taxes Receivable

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the County.

In accordance with State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes are due December 20th, and the second half is due the following May 10<sup>th</sup>.



City of Melvern  
Osage County, Kansas

Notes to the Financial Statement  
December 31, 2017

Note 5 – Defined Benefit Pension Plan

Plan Description

The City of Melvern, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which may be found on the website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 S Kansas, Suite 100, Topeka, Ks. 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is KPERS 1, KPERS 2, or a KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rate for KPERS 1, KPERS 2, and KPERS 3 to be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium from the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were \$7,616 for the year ended December 31, 2017.

Net Pension Liability

At December 31, 2017, the City's proportionate share of the collective net pension liability reported by KPERS was \$73,524. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

Note 6 - Commitments

The City is a member of the Public Wholesale Water Supply District. Prior to August 2004, water was purchased to supplement water produced by the City's water treatment plant. In August 2004, the City discontinued producing water and currently purchases all water from the PWWSD. On February 23, 2009, the City committed to buy a minimum of 800,000 gallons of water per month.

City of Melvern  
Osage County, Kansas

Notes to the Financial Statement  
December 31, 2017

Note 7 – Other Long-Term Obligations from Operations

Compensated Absences

The City's policies regarding vacation and sick pay allow employees to accumulate a maximum of 15 days of vacation pay based on years of service, and unlimited sick pay. A maximum of 5 days of vacation pay may be carried to the subsequent year. Policies prohibit payment of vacation time in lieu of time off. All accumulated vacation pay is payable upon employment termination. Unused sick pay is forfeited upon employment termination. The costs of accumulated compensated absences are not recorded as the benefits are accumulated, but rather at the time such benefits are paid. Benefits are paid from the funds that correspond to the employees' duties.

Note 8 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage in prior years.

The City participates in the Kansas Municipal Insurance Trust (KMIT) to provide worker's compensation coverage. The City, along with other participating entities, contributes annual amounts as determined by KMIT management and underwriters. As claims arise they are submitted to and paid by KMIT. There were no significant reductions in insurance coverage from the prior year. Any shortage in assets to pay outstanding claims would be assessed pro rata among participating entities.

Note 9 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The KPERs 457 plan is available to all City employees and permits them to defer a portion of their salary until future years. Plan assets are transferred to a plan agent in a custodial trust.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts shall be held in trust for the exclusive benefit of participants and their beneficiaries. All such amounts shall not be subject to the claims or the employer's general creditors.

City of Melvern  
Osage County, Kansas

Notes to the Financial Statement  
December 31, 2017

Note 10 – Long-Term Debt

General Obligation Bonds

General Obligation bonds, payable from future property tax revenues and special assessments, at December 31, 2017 are:

Series 2013 - due in annual installments ranging from \$10,000 - \$80,000; issued in February 2013; interest at .7% - 2.0%. Semi-annual payments began in October 2013 and will continue through October 1, 2021.

Series 2017 - due in annual installments ranging from \$15,000 - \$25,000; issued in December 2017; interest at 3.7% - 4.5%. Semi-annual payments began in April 2018 and will continue through October 1, 2038.

Changes in long-term liabilities for the city for the year ended December 31, 2017 were as follows:

	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Due January 1	Additions	Reductions/ Payments	Balance Due December 31	Interest Paid
General Obligation Bonds:									
Series 2013	.7-2.0%	Feb 2013	420,000	10/1/2021	\$ 190,000	\$ 0	\$ 45,000	\$ 145,000	\$ 3,260
Series 2017	3.7-4.5%	Dec 2017	400,000	10/1/2038	0	400,000	0	400,000	0
Total contractual indebtedness					<u>\$ 190,000</u>	<u>\$ 400,000</u>	<u>\$ 45,000</u>	<u>\$ 545,000</u>	<u>\$ 3,260</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Ser 2013 Principal	Ser 2013 Interest	Ser 2013 Total	Ser 2017 Principal	Ser 2017 Interest	Ser 2017 Total
2018	\$ 45,000	\$ 2,630	\$ 47,630	\$ 0	\$ 10,847	\$ 10,847
2019	45,000	1,910	46,910	15,000	13,848	28,848
2020	45,000	1,100	46,100	15,000	13,173	28,173
2021	10,000	200	10,200	15,000	12,535	27,535
2022	0	0	0	15,000	11,935	26,935
2023-2027	0	0	0	95,000	51,285	146,285
2028-2032	0	0	0	100,000	36,325	136,325
2033-2037	0	0	0	120,000	18,175	138,175
2038-2042	0	0	0	25,000	925	25,925
Total Principal & Interest	<u>\$ 145,000</u>	<u>\$ 5,840</u>	<u>\$ 150,840</u>	<u>\$ 400,000</u>	<u>\$ 169,048</u>	<u>\$ 569,048</u>

City of Melvern  
Osage County, Kansas

Notes to the Financial Statement  
December 31, 2017

Note 11 – City Building Capital Project

In 2015, the City Building's south wall began to show signs of significant deterioration. The Council entered into a land exchange transaction and traded the current City Hall property for a vacant lot. The City is building a new City Hall on the vacant lot. The estimated project cost is \$400,000. As of December 31, 2017, the City had expended \$12,363 on the project, including bond issuance costs.

## **Regulatory – Required Supplementary Information**

City of Melvern  
Osage County, Kansas

Schedule 1

Summary of Expenditures-Actual and Budget  
Regulatory Basis  
Budgeted Funds Only  
For the Year Ended December 31, 2017

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	\$ 171,850	\$ 0	\$ 171,850	\$ 164,593	\$ (7,257)
Special Purpose Funds					
Special Highway	28,233	0	28,233	9,760	(18,473)
Special Parks & Recreation	19,351	0	19,351	2,375	(16,976)
Bond & Interest					
Bond & Interest	53,260	0	53,260	38,260	(15,000)
Business Funds					
Water	140,432	0	140,432	117,529	(22,903)
Sewer	46,375	0	46,375	31,806	(14,569)
Solid Waste	34,900	0	34,900	33,112	(1,788)

See accompanying auditor's report.

City of Melvern  
Osage County, Kansas

Schedule 2A

Schedule of Receipts and Expenditures-Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017

GENERAL FUND

	Current Year		Variance Over (Under)
	Actual	Budget	
<b>Receipts</b>			
Osage County	\$ 90,928	\$ 97,784	\$ (6,856)
Sales & use tax	50,543	30,000	20,543
Liquor tax	1,789	2,000	(211)
Franchise tax	37,150	36,000	1,150
Licenses & permits	1,310	500	810
Use of money & property	988	400	588
Fines & fees	8,771	3,000	5,771
Other	5,051	0	5,051
Total Receipts	<u>196,530</u>	<u>169,684</u>	<u>26,846</u>
<b>Expenditures</b>			
General			
Personal Services	58,894	53,500	5,394
Contractual	24,114	27,930	(3,816)
Commodities	4,157	6,000	(1,843)
Capital Outlay	919	500	419
Police			
Personal Services	16,142	30,000	(13,858)
Contractual	3,579	2,000	1,579
Commodities	1,491	2,000	(509)
Capital Outlay	3,000	0	3,000
Parks			
Personal Services	3,771	5,200	(1,429)
Contractual	2,864	1,500	1,364
Commodities	521	1,400	(879)
Capital Outlay	0	0	0
Streets			
Personal Services	3,553	3,200	353
Contractual	11,437	2,000	9,437
Commodities	5,734	15,620	(9,886)
Capital Outlay	0	0	0
Street Lights	18,883	18,000	883
Municipal Court	5,534	3,000	2,534
Transfers out	0	0	0
Total Expenditures	<u>164,593</u>	<u>171,850</u>	<u>(7,257)</u>
Receipts Over (Under) Expenditures	31,937	<u>\$ (2,166)</u>	<u>\$ 34,103</u>
Unencumbered Cash, January 1	<u>47,300</u>		
Unencumbered Cash, December 31	<u>\$ 79,237</u>		

See accompanying auditor's report.

City of Melvern  
Osage County, Kansas

Schedule 2B

Schedule of Receipts and Expenditures-Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017

SPECIAL HIGHWAY

	Current Year		Variance Over (Under)
	Actual	Budget	
Receipts			
State of Kansas	\$ 9,704	\$ 9,580	\$ 124
Other	0	0	0
Total Receipts	<u>9,704</u>	<u>9,580</u>	<u>124</u>
Expenditures			
Street maintenance & repair	9,760	28,233	(18,473)
Other	0	0	0
Total Expenditures	<u>9,760</u>	<u>28,233</u>	<u>(18,473)</u>
Receipts Over (Under) Expenditures	(56)	<u>\$ (18,653)</u>	<u>\$ 18,597</u>
Unencumbered Cash, January 1	<u>56</u>		
Unencumbered Cash, December 31	<u>\$ 0</u>		

See accompanying auditor's report.



City of Melvern  
Osage County, Kansas

Schedule 2C

Schedule of Receipts and Expenditures-Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017

SPECIAL PARKS & RECREATION

	Current Year		Variance Over (Under)
	Actual	Budget	
Receipts			
State of Kansas Liquor Tax	\$ 1,790	\$ 2,000	\$ (210)
Other Receipts	0	0	0
Total Receipts	<u>1,790</u>	<u>2,000</u>	<u>(210)</u>
Expenditures			
Parks & recreation	2,375	19,351	(16,976)
Adjustment for Budget Credits	0	0	0
Total Expenditures	<u>2,375</u>	<u>19,351</u>	<u>(16,976)</u>
Receipts Over (Under) Expenditures	(585)	<u>\$ (17,351)</u>	<u>\$ 16,766</u>
Unencumbered Cash, January 1	<u>11,131</u>		
Unencumbered Cash, December 31	<u>\$ 10,546</u>		

See accompanying auditor's report.

City of Melvern  
Osage County, Kansas

Schedule 2D

Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2017

EQUIPMENT RESERVE

	Current Year Actual
Receipts	
Transfers In	
Other Receipts	
Total Receipts	<u>0</u>
Expenditures	
Equipment	
Other	
Total Expenditures	<u>0</u>
Receipts Over (Under) Expenditures	0
Unencumbered Cash, January 1	<u>272</u>
Unencumbered Cash, December 31	<u><u>\$ 272</u></u>

See accompanying auditor's report.

City of Melvern  
Osage County, Kansas

Schedule 2E

Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2017

CAPITAL IMPROVEMENT RESERVE

	Current Year Actual
Receipts	
Transfers In	\$ 0
Other reimbursements	0
Total Receipts	<u>0</u>
Expenditures	
Capital improvements	<u>0</u>
Receipts Over (Under) Expenditures	0
Unencumbered Cash, January 1	<u>21,039</u>
Unencumbered Cash, December 31	<u><u>\$ 21,039</u></u>

See accompanying auditor's report.

City of Melvern  
Osage County, Kansas

Schedule 2F

Schedule of Receipts and Expenditures-Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017

BOND & INTEREST

	Current Year		Variance Over (Under)
	Actual	Budget	
Receipts			
Osage County	\$ 33,541	\$ 33,852	\$ (311)
Bond Issuance-Interest	10,847	0	10,847
Transfer In	0	10,375	(10,375)
Total Receipts	<u>44,388</u>	<u>44,227</u>	<u>161</u>
Expenditures			
Debt Service	38,260	53,260	(15,000)
Cash basis reserve	0	0	0
Total Expenditures	<u>38,260</u>	<u>53,260</u>	<u>(15,000)</u>
Receipts Over (Under) Expenditures	6,128	<u>\$ (9,033)</u>	<u>\$ 15,161</u>
Unencumbered Cash, January 1	<u>15,521</u>		
Unencumbered Cash, December 31	<u>\$ 21,649</u>		

See accompanying auditor's report.

City of Melvern  
Osage County, Kansas

Schedule 2G

Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2017

BUILDING PROJECT

	Current Year Actual
Receipts	
Bond issuance-project	\$ 374,149
Bond issuance-estimated cost of issuance	15,004
Interest income	191
Total Receipts	<u>389,344</u>
Expenditures	
Building project expenditures	6,343
Bond issuance costs	<u>6,020</u>
Total Expenditures	<u>12,363</u>
Receipts Over (Under) Expenditures	376,981
Unencumbered Cash, January 1	<u>0</u>
Unencumbered Cash, December 31	<u><u>\$ 376,981</u></u>

See accompanying auditor's report.

City of Melvern  
Osage County, Kansas

Schedule 2H

Schedule of Receipts and Expenditures-Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017

WATER

	Current Year		Variance Over (Under)
	Actual	Budget	
Receipts			
Charges for Services	\$ 112,411	\$ 120,000	\$ (7,589)
Other Receipts	3,150	0	3,150
Total Receipts	<u>115,561</u>	<u>120,000</u>	<u>(4,439)</u>
Expenditures			
Personal Service	40,114	45,000	(4,886)
Contractual	24,531	20,500	4,031
Commodities	9,392	12,500	(3,108)
Water purchased	43,167	44,000	(833)
Capital Outlay	0	18,432	(18,432)
Miscellaneous	325	0	325
Total Expenditures	<u>117,529</u>	<u>140,432</u>	<u>(22,903)</u>
Receipts Over (Under) Expenditures	(1,968)	<u>\$ (20,432)</u>	<u>\$ 18,464</u>
Unencumbered Cash, January 1	<u>68,575</u>		
Unencumbered Cash, December 31	<u>\$ 66,607</u>		

See accompanying auditor's report.

City of Melvern  
Osage County, Kansas

Schedule 2I

Schedule of Receipts and Expenditures-Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017

SEWER

	Current Year		Variance Over (Under)
	Actual	Budget	
Receipts			
Charges for services	\$ 36,445	\$ 35,000	\$ 1,445
Other Receipts	0	0	0
Total Receipts	<u>36,445</u>	<u>35,000</u>	<u>1,445</u>
Expenditures			
Personal Service	7,948	12,000	(4,052)
Contractual	8,287	7,000	1,287
Commodities	571	7,000	(6,429)
Capital Outlay	5,000	10,000	(5,000)
Transfer Out	0	10,375	(10,375)
Debt Service	10,000	0	10,000
Total Expenditures	<u>31,806</u>	<u>46,375</u>	<u>(14,569)</u>
Receipts Over (Under) Expenditures	4,639	<u>\$ (11,375)</u>	<u>\$ 16,014</u>
Unencumbered Cash, January 1	<u>47,852</u>		
Unencumbered Cash, December 31	<u>\$ 52,491</u>		

See accompanying auditor's report.

City of Melvern  
Osage County, Kansas

Schedule 2J

Schedule of Receipts and Expenditures-Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017

SOLID WASTE

	Current Year		Variance Over (Under)
	Actual	Budget	
Receipts			
Charges for Services	\$ 33,031	\$ 35,000	\$ (1,969)
Other Receipts	0	0	0
Total Receipts	<u>33,031</u>	<u>35,000</u>	<u>(1,969)</u>
Expenditures			
Personal Service	0	1,000	(1,000)
Contractual	32,971	33,500	(529)
Commodities	141	400	(259)
Capital Outlay	0	0	0
Total Expenditures	<u>33,112</u>	<u>34,900</u>	<u>(1,788)</u>
Receipts Over (Under) Expenditures	(81)	<u>\$ 100</u>	<u>\$ (181)</u>
Unencumbered Cash, January 1	<u>6,909</u>		
Unencumbered Cash, December 31	<u>\$ 6,828</u>		

See accompanying auditor's report.



City of Melvern  
Osage County, Kansas

Schedule 3

Schedule of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2017

AGENCY FUNDS

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Payroll taxes	\$ 2,437	\$ 45,039	\$ 44,077	\$ 3,399
Other	0	0	0	0
	<u>\$ 2,437</u>	<u>\$ 45,039</u>	<u>\$ 44,077</u>	<u>\$ 3,399</u>

See accompanying auditor's report.